

DEPARTMENT OF HEALTH SERVICES

714/744 P STREET
SACRAMENTO, CA 95814
(916) 445-1912



August 20, 1981

To: All County Welfare Directors

Letter No. 81-39

AB 251 MANDATE RE: QUARTERLY SHARE OF COST (SOC)

This letter is to provide you with general information regarding the manner in which we envision implementation of the new SOC system and to request any suggestions you may have concerning the information presented in this letter. In addition, in order for us to accurately assess the cost and time frames necessary for successful implementation, we are in need of certain information from you regarding your current county operations. Please complete the enclosed questionnaire (Attachment I) and return it, along with any suggestions regarding the new process, by September 21, 1981. Send the information to:

Department of Health Services
Eligibility Branch
Att: Ruthell Ussery
714 P Street, Room 1692
Sacramento, CA 95814

Background

As you recall, AB 251 mandated quarterly SOC's for all Medi-Cal-only beneficiaries, except persons in long-term care (LTC). The bill further specified that the Department shall seek the necessary federal approval to implement this mandate, and that quarterly SOC shall not be implemented under any Medi-Cal-only program until the results of the waiver request are known.

We are now in the process of requesting a federal waiver to have different SOC periods for LTC medically needy (MN) and non-LTC MN. Since the implementation of quarterly SOC determinations will require extensive changes at both the state and county level, we have developed the basic concepts for the new SOC system in anticipation of federal approval of our request.

We are interested in receiving county input at each stage of development of this system to ensure smooth implementation and to ensure that no element needing modification is overlooked. Enclosed for your review and comment at this time are the following:

1. General description of SOC process -- Attachment II.
2. Quarterly SOC/quarterly status reporting interface proposal -- Attachment III.

August 20, 1981

3. Draft revisions of Share-of-Cost Determination and Record of Health Care Costs forms -- Attachment IV.
4. List of additional eligibility/operational elements which will be impacted -- Attachment V.

Once we have reviewed the information and suggestions you provide us, we will develop an implementation schedule and "fill in the gaps" in the SOC process. Additionally, we plan to present statewide regional training sessions similar to those conducted in connection with the Medi-Cal Family Budget Unit (MFBU) regulation revisions.

If you have any questions, please contact your Medi-Cal program consultant.

Sincerely,

Original signed by

Madalyn M. Martinez, Chief
Medi-Cal Eligibility Branch

Enclosures

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

County: _____

County Welfare Department Contact Person: _____
Contact Phone No: _____

1. Way in which SOC 177s are produced:

☐

Computer

☐

Manual

Combination (explain): _____

2. Way in which SOC 239s are produced:

☐

Computer

☐

Manual

Combination (explain): _____

3. Way in which SOC 177s are addressed and mailed:

☐

clerk

☐

ew

☐

automated/mechanical

4. Way in which SOC 239s are addressed and mailed:

☐

clerk

☐

ew

☐

automated/mechanical

5. Aside from the forms preparation and computation functions, what other computer-assisted functions are impacted by the shift to quarterly share of cost (SOC)?
6. What is the estimated time required to convert your county's computer data base to quarterly SOC?
7. What is the estimated time required to convert the other computer-assisted functions to the quarterly concept?
8. Currently, status reports are required: ☐ ☐
Monthly Quarterly
9. Way in which status reports are produced: ☐ ☐
Computer Manual
10. There are two basic options for suppressing mailing of second-month and/or third-month Medi-Cal cards when the Medi-Cal Family Budget Unit (MFBU) loses certified status prior to the second and/or third month:
- Shipping the cards to counties for last minute handpull of cards for decertified cases, prior to mailing the rest at the end of the month. (This process was used during the previous years that quarterly SOC existed, before July 1976.)
 - Calling the State with handpull instructions for decertified cases, before the monthly card mailing deadline.

Which option does your county prefer, and for what reasons?

SHARE-OF-COST (SOC) DESCRIPTION

A. In general, the ongoing quarterly SOC concept will work as follows for Medi-Cal Family Budget Units (MFBUs) with no member in long-term care (LTC):

- . The first ongoing quarterly SOC period will begin with the first month of eligibility on or after the month of application.

EXAMPLE: Application is made and approved in May. The first ongoing SOC period is May-July. The SOC period will be quarterly even if applicant is requesting or is entitled to eligibility for only one month.

- . Retroactive eligibility will be determined as a separate SOC period consisting of the three retro months, regardless of the period requested/eligible. EXAMPLE: Retroactivity is requested for February, March, and April. Eligibility existed only in February. Income from the months of February, March, and April would be used.
- . If a case is eligible for a retroactive month subject to property spenddown, the case will not be certified for the property spenddown month until the spenddown is satisfied and the retroactive SOC is met. This is not a change from prior policy.
- . A break in eligibility followed by restoration will be treated as a new application as far as defining the MFBUs SOC period. (Note: There may be exceptions to this, in certain situations where retroactive eligibility is requested and granted as part of restoration.)
- . Income for each month of a quarterly period will be projected separately, so as to take into account projected changes in income from one month to the next. Such events as return to work after recovery from a medical condition will be considered.
- . One MC 177 (Record of Health Care Costs form) will be generated for an MFBUs for the quarter at the beginning of the quarter.
- . A revised MC 177 does have to be prepared if there is a change to the MFBUs circumstances that affects eligibility of any member of the MFBUs of the SOC within the quarter. A stuffer should be included with the revised MC 177, advising the MFBUs to keep all MC 177s for the quarter and to take all of them to the medical providers they see. The Department will supply such a stuffer.

- . Medi-Cal ID cards will still be monthly cards for certified SOC cases. When an MFBU is certified, cards will be issued for the month of certification and the months in the quarter before certification. The date of certification for the prior month(s) will be the last day of the month for which the card is issued; for the month of certification, the date will be the day on which the SOC is met. If certification is in a month before the last month of a quarter and the MFBU remains eligible for the last month(s) of the quarter, the last month(s) cards will contain no certification date. EXAMPLE: MFBU's SOC period is May 1-July 31. MFBU meets SOC on June 12 and remains eligible/certified through July.

May card certification date: May 31.

June card certification date: June 12.

July card certification date: None.

- . If based upon the original or ongoing three-month projection, an MFBU is eligible with no SOC for the quarter, and then an increase in income is reported in time for the action to be taken before the end of the second month, the MFBU will be assigned an SOC for the remaining month(s) of the quarter.
 - . If an MFBU with an SOC has not been certified, then increased income information is reported in time for action to be taken before the end of the second month, the MFBU will be assigned an increased SOC.
 - . If an MFBU with an SOC has not been certified, and then decreased income information is reported timely at anytime during the quarter, the MFBU will be assigned a lower SOC.
 - . If an MFBU is certified in the first or second month of a quarter, and then increased income information is reported in time for action to be taken before the end of the second month, the MFBU will be assigned an SOC for the remaining month(s) of the quarter equal to the net reported increase in income. A revised MC 177 for the the remaining month(s) will be issued. The MFBU may only use services received in the remaining month(s) to meet the additional SOC amount.
 - . If an MFBU with an SOC is certified in month one or two of the quarter, and then reports a decrease of income in a timely manner, the SOC adjustment procedures should be followed.
- B. In general, the SOC concept will work as follows for MFBUs which include only persons in LTC:

- . If an applicant has LTC status for all the months for which eligibility is being determined, the MFBU will be assigned a monthly SOC. Example: Person enters LTC June 7, 1981, applies for Medi-Cal on August 3 for August and continuing. Eligibility is approved in September. The SOC's will cover a one-month period and the person will receive an SOC card for each month of eligibility.

- . If an applicant does not have LTC status for all the months for which eligibility is being determined, the MFBU will be assigned a multi-month SOC for those non-LTC status months of eligibility.

EXAMPLE: Individual applies for Medi-Cal May 29 and enters LTC June 3. Eligibility is approved effective May 1. Income from May and June will be combined for a single SOC amount for those two months. The MC 177 SOC process will be followed for this SOC period. Effective July 1, the SOC will be computed monthly and the individual will receive an SOC LTC Medi-Cal card.

- . Retroactive eligibility will be determined as separate SOC period(s). The SOC will be determined monthly for those months in which the individual has LTC status. The SOC period for any remaining month(s) for which retroactive coverage is requested will include income from the non-LTC status months of the three-month retro period regardless of whether eligibility is requested/exists for all those months.

EXAMPLE: Individual enters LTC June 29 and applies for Medi-Cal on July 3. Retroactive coverage is requested for June; the SOC will be determined using income for the months of April, May, and June. An MC 177 will be issued and medical expenses from all three months can be used to meet the SOC. Once the SOC is met, cards will be issued for only the month(s) for which eligibility exists and is requested.

- . If an ongoing eligible (SOC periods quarterly) enters LTC during a quarter, the case will shift to a monthly SOC effective the first full month of LTC admission. If the shift occurs in the middle of an SOC quarter, the months of that quarter prior to the initial LTC status month will be separated and a truncated quarterly SOC would be recomputed. Beginning with the first full month of LTC status, the SOC period will change to monthly.

EXAMPLE: An ongoing eligible's quarterly SOC period is August-October. The individual enters LTC September 3. The quarterly SOC for August-October is recalculated to reflect the change in status and a revised MC 177 is issued for August-September. Effective October 1, the SOC is computed monthly and a SOC Medi-Cal card is issued.

C. The SOC concept will work as follows for MFBUs which include both an LTC and a non-LTC member:

1. Case type is an Aged, Blind, or Disabled-Medically Needy (ABD-MN) couple which must remain in same MFBU until spouse has been in LTC for six full calendar months. (No change if children also in MFBU.)

- . The SOC period(s) will be determined in the same manner as for MFBUs which include only LTC persons.
- . For the month(s) for which the SOC is computed monthly and the SOC is equal to or less than the Medi-Cal nursing home reimbursement rate, the LTC spouse will get a SOC card; the non-LTC spouse will get a no-cost card.
- . For those months for which the SOC covers more than a one-month period, because spouse in LTC status throughout two of the months of the quarter, or for any month in which the monthly SOC is greater than the Medi-Cal nursing home reimbursement rate, the MFBU will become certified via the MC 177 process.
- . When the spouses are split into two MFBUs, the first month of the split becomes the first month of a quarterly SOC period for the spouse at home.

EXAMPLE: Mr. and Mrs. ABD-N are receiving no-cost Medi-Cal for the quarterly period of July-September. Mrs. enters LTC August 21 (too late to change the third month of the quarter to reflect the change in living circumstances). Effective October 1, the MFBU switches to a monthly SOC determination -- Mrs. will get a SOC card; Mr. will get a no-cost card. Effective April of next year, Mr. and Mrs. will be in separate MFBUs. April through June will be Mr.'s first quarterly SOC period.

2. Case type is one ABD-MN spouse and one non-ABD-MN spouse who become separate MFBUs the month following the month of entry into LTC. (No change if children also in MFBU or if person entering LTC is a BD-MN child).

- . The number of months in the SOC period will be determined by the number of months the spouses remain in the same MFBU. EXAMPLE NO. 1: Mr. ABD-MN and his medically indigent (MI) spouse apply for Medi-Cal on April 30; June 15 Mr. enters LTC. Application approval occurs June 17; an SOC will be computed for the couple using April and May income and an MC 177 will be issued. Effective July 1, the spouses are in separate MFBUs -- Mr. with a monthly SOC period; Mrs. with a quarterly SOC period of July through September.

EXAMPLE NO. 2: Mrs. ABD-MN and her MI spouse are receiving Medi-Cal with a quarterly SOC of \$10 for the period March through May. Mrs. enters LTC March 3. The March through May SOC period is revised to include only the month of March. Effective April 1, Mr. and Mrs. are in separate MFBUs -- Mr. has a quarterly SOC period of April through June; Mrs.'s SOC is determined monthly.

3. Case type is an ABD-MN spouse at home and non-ABD-MN person in LTC, so the family will remain in the same MFBU.

- . The SOC period(s) will be determined in the same manner as for MFBUs which include only LTC persons.
- . For the month(s) for which the SOC is computed monthly and the SOC is equal to or less than the Medi-Cal nursing home reimbursement rate, the LTC family member will get an SOC card; the other MFBU members will get a no-cost card.
- . For the months for which the SOC covers more than a one-month period, or the monthly SOC is greater than the Medi-Cal LTC reimbursement rate, the MFBU will become certified via the MC 177 process.
- . A DED referral following the existing procedures in the Medi-Cal Eligibility Manual should be completed for the LTC family member.

ERATTA NOTICE

Oct 19, 1981

To: All County Welfare Directors

ERATTA NOTICE TO LETTER NO. 81-39

It has been brought to our attention that example 3 on page 5 of Attachment II in the subject letter is incorrect. The case type should read an MI spouse at home and an MI spouse in LTC. The way the case type reads in 81-39, the family would be in separate MFBUs, instead of remaining in the same MFBU.

Please make the necessary changes to your copy of the Letter.

[EB-9] If you have any questions contact your Medi-Cal program consultant.

Sincerely,

Original signed by

Barbara V. Carr for
Madalyn M. Martinez, Chief
Medi-Cal Eligibility Branch

QUARTERLY SHARE-OF-COST (SOC)/STATUS REPORTING INTERFACE

It is our current plan to mandate that the quarterly status report cycle for a particular case be set up so that the status report is due at the beginning of the third month of the quarterly SOC period. The reason for this proposal is to minimize recomputations within an SOC quarter based upon information provided via the status report, yet to ensure that any reported changes can be in place by the first of the following quarter.

This proposed mandate will not affect the individual's responsibility to report changes within ten days, nor the county's responsibility to act promptly upon reported changes. Neither will it impact the county option to require monthly status reporting, nor the current county option under quarterly reporting to require three months' or one month's data.

A chart depicting the proposal follows.

[illegible]

SHARE OF COST DETERMINATION - MFBUs Without LTC Persons

| | | | | | | | |
|--|-----|----------------------------|----------|-------------|-----|---|--------------|
| Case Name | | | | | | County District | County Use |
| <input type="checkbox"/> New Application <input type="checkbox"/> Redetermination <input type="checkbox"/> Change <input type="checkbox"/> Retroactive Elig. <input type="checkbox"/> Correction | | | | | | Effective Eligibility Date for this Budget Mo. <u>4</u> / Yr. <u>1981</u> | |
| State Number | | Name - First, Middle, Last | | Birthdate | Sex | (1) Social Security No. and (2) Health Insurance Claim No. or Railroad Retirement No. | Oth Cover |
| No. | Aid | 7 Digit Serial No. | MFBU No. | Mo. Day Yr. | | | |
| | | | | | | (1) (2) | |
| | | | | | | (1) (2) | |
| | | | | | | (1) (2) | |
| | | | | | | (1) (2) | |
| | | | | | | (1) (2) | |
| | | | | | | (1) (2) | |
| | | | | | | (1) (2) | |
| | | | | | | (1) (2) | |
| | | | | | | (1) (2) | |

INCOME OF MFBUs members applying as ABD plus income of spouse or parent (except PA or other PA) = Income

INCOME OF MFBUs members not listed in 1. (except PA or other PA) = Income

A NONEXEMPT UNEARNED INCOME

| | Mo 1 | | Mo 2 | | Mo 3 | | | Mo 1 | Mo 2 | Mo 3 |
|---|-----------|---------------------|-----------|---------------------|-----------|---------------------|--|------|------|------|
| | a. ABD-MN | b. spouse or parent | a. ABD-MN | b. spouse or parent | a. ABD-MN | b. spouse or parent | | | | |
| 1. Social Security | | | | | | | 1. Social Security | | | |
| 2. Net Income from Property | | | | | | | 2. Net Income from Property | | | |
| 3. Other - Itemize | | | | | | | 3. Other - Itemize | | | |
| 4. | | | | | | | 4. | | | |
| 5. Total (add 1 thru 4) | | | | | | | 5. Total unearned income (add 1 thru 4) | | | |
| 6. Deductions | | | | | | | 6. Deductions | | | |
| 7. Remainder (5 minus 6) | 0 | 0 | 0 | 0 | 0 | 0 | 7. Countable unearned income (5 minus 6) | | | |
| 8. Combined unearned inc. (add 7a and 7b) | | | | | | | 8. NONEXEMPT EARNED INCOME | | | |
| 9. Any income deduction | - \$20 | | - \$20 | | - \$20 | | 9. Gross earned income | | | |
| 10. Countable unearned income (8 minus 9) | | | | | | | 10. If CG in last 4 mos enter \$30 | | | |

B. NONEXEMPT EARNED INCOME

| | Mo 1 | | Mo 2 | | Mo 3 | | | Mo 1 | Mo 2 | Mo 3 |
|--|-----------|---------------------|-----------|---------------------|-----------|---------------------|--|------|------|------|
| | a. ABD-MN | b. spouse or parent | a. ABD-MN | b. spouse or parent | a. ABD-MN | b. spouse or parent | | | | |
| Gross Earned Income | | | | | | | 9. Gross earned income | | | |
| Deductions | | | | | | | 10. If CG in last 4 mos enter \$30 | | | |
| Remainder (11 minus 12) | 0 | 0 | 0 | 0 | 0 | 0 | 11. 1/3 remainder | | | |
| Combined earned inc. (add 13a and 13b) | | | | | | | 12. Misc. deduct | | | |
| \$65 earned inc. deduction plus \$ unused \$20 | | | | | | | 13. WFR expenses | | | |
| Remainder (14 minus 15) | | | | | | | 14. Total deduct (add 10, 12 & 13) | | | |
| Countable earned inc. (divide 16 by 2) | | | | | | | 15. Countable earned income | | | |
| C. TOTAL COUNTABLE INCOME | | | | | | | 16. Subtotal (add 7 and 15) | | | |
| Mo 1 | | | Mo 2 | | Mo 3 | | 17. Child support/Alimony | | | |
| Total countable inc. (add 10 and 17) | | | | | | | 18. Total Countable income (14 minus 15) | | | |

II SHARE OF COST COMPUTATION - NON LTC

CASE NAME:

| | Mo 1 | Mo 2 | Mo 3 |
|--|------|------|------|
| Countable Income | | | |
| Countable Income from II 16 | | | |
| Inc. allocated from LTC/B&C person to family members at home (176W, Part IV) | | | |
| Combined countable income (add 1, 2 and 3) | | | |
| Allocations and Deductions | | | |
| Allocation to excluded children (176W, Part I) | | | |
| Special deduction (176W, Part II) | | | |
| Income to determine PA Eligibility | | | |
| Health Insurance | | | |
| Total allocations/deductions (add 6 through 10) | | | |
| Total net nonexempt income (11 minus 11) | | | |
| Total net nonexempt income rounded | | | |
| Maintenance need | | | |

| SHARE OF COST | |
|--|--|
| 13. add mo 1, 2, & 3 | |
| 14. add mo 1, 2 & 3 | |
| 15. Share of cost (13 minus 14) | |
| 16. Underpayment adjustment | |
| 17. Adjusted Share of Cost (15 minus 16) | |

IV EXEMPT INCOME

EXPLANATION OF CHANGES WITHIN SIX PERIOD

Eligibility Worker Signature

Worker Number

Computation Date

County Use

RECORD OF HEALTH CARE COSTS — SHARE OF COST

READ INSTRUCTIONS ON BACK BEFORE COMPLETING

Only Medical expenses
in the following months
may be listed below.

MO. A. MO. B. MO. C

Mo. Yr. Mo. Yr. Mo. Yr.

Share of Cost

The amount that you
must pay or obligate is:

\$

Page of

Retro. Ellg?

(Yes/No)

Name

Address

City/State/Zip

County
Code

Medical expenses of family members listed below may be used to meet Share of Cost

| State Number | | | | Name — Last, First | Birthdate | | | Sex | Other Cov. Code | Social Security No. | HIC or RR No. |
|--------------|--------------------|-----|-------|--------------------|-----------|-----|-----|-----|-----------------------|---------------------|---------------|
| Aid | 7 Digit Serial No. | FBU | Pers. | | Mo. | Day | Yr. | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |

Declaration of Provider: Each service listed below has been provided to the person listed on the date specified. I, the undersigned provider, hereby declare that I received payment or will seek payment from the patient for the amount shown in the "Billed Patient" column and that I will not accept payment from the Medi-Cal program for that amount. I also understand and agree that I may seek payment from the Medi-Cal program for the costs of my service in excess of the amount billed to the patient. This is the amount shown in the "Billed Medi-Cal" column, and is the difference between the "Total Bill" and amount "Billed Patient".

I understand that if I bill insurance or any other third party for the service rendered, I cannot list on this form the amount of the charge paid by the insurance or other third party.

I am aware that financial information on this form may be subject to scrutiny by the Internal Revenue Service and/or State Franchise Tax Board.

| PROVIDER NAME | Provider No. | Date of Service Mo. Day Yr. | SERVICE | Proc. Code/ Presc. No. | Total Bill \$ | Billed Patient \$ | Billed Medi-Cal \$ |
|--|--------------|--------------------------------|---------|---------------------------|------------------|-------------------------|-----------------------|
| PATIENT NAME | | | | | | | |
| PROVIDER SIGNATURE (See Declaration Above) | | | | | | | |
| PROVIDER NAME | Provider No. | | | | | | |
| PATIENT NAME | | | | | | | |
| PROVIDER SIGNATURE (See Declaration Above) | | | | | | | |
| PROVIDER NAME | Provider No. | | | | | | |
| PATIENT NAME | | | | | | | |
| PROVIDER SIGNATURE (See Declaration Above) | | | | | | | |
| PROVIDER NAME | Provider No. | | | | | | |
| PATIENT NAME | | | | | | | |
| PROVIDER SIGNATURE (See Declaration Above) | | | | | | | |

STATE USE ONLY

Mo. Day Yr.

Reviewed By:

Trans. Replace

Date of
Certification

I have read the instructions on the back of this form. I agree to assume full legal responsibility for the amounts listed above in the "Billed Patient" column.

X

SIGNATURE OF APPLICANT

DATE

IMPACTED AREAS

A. Regulation Changes/Clarifications by Article Number

Article 3 -- County of Responsibility

- . Intercounty transfers during a share-of-cost (SOC) period must be addressed.

Article 4 -- Status Reporting

- . Incorporate proposed mandate.

Article 10 -- Income

- . Changes affecting income, including SOC adjustments.

Article 12 -- SOC

- . Extensive changes to incorporate both quarterly and monthly SOC concepts.

Article 14 -- Medi-Cal Card Use and Issuance

- . Medi-Cal card issuance for quarterly SOC certified persons must be addressed -- including loss of certification due to change in circumstances within a quarter.

B. Procedure Changes

Article 4 -- Status Reporting

- . Describe proposed mandate.

Article 10 -- Income

- . Examples of changes occurring during quarterly period.

Article 12 -- SOC

- . Extensive changes to incorporate quarterly SOC.

C. Form Revisions

- . SOC determination.
- . Record of Health Care Costs form.
- . Statement of Facts.
- . Notices of Action.

IMPACTED AREAS

A. Regulation Changes/Clarifications by Article Number

Article 3 -- County of Responsibility

- . Intercounty transfers during a share-of-cost (SOC) period must be addressed.

Article 4 -- Status Reporting

- . Incorporate proposed mandate.

Article 10 -- Income

- . Changes affecting income, including SOC adjustments.

Article 12 -- SOC

- . Extensive changes to incorporate both quarterly and monthly SOC concepts.

Article 14 -- Medi-Cal Card Use and Issuance

- . Medi-Cal card issuance for quarterly SOC certified persons must be addressed -- including loss of certification due to change in circumstances within a quarter.

B. Procedure Changes

Article 4 -- Status Reporting

- . Describe proposed mandate.

Article 10 -- Income

- . Examples of changes occurring during quarterly period.

Article 12 -- SOC

- . Extensive changes to incorporate quarterly SOC.

C. Form Revisions

- . SOC determination.
- . Record of Health Care Costs form.
- . Statement of Facts.
- . Notices of Action.